A message
from the Assistant Secretary of the Army (FM&C)
Helen T. McCoy

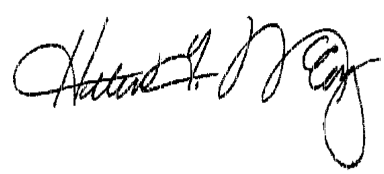
Picture of
The Honorable
Helen T. McCoy

I would like to take this opportunity to highlight programs and opportunities within our community that provide quality educational, training and professional development opportunities for our workforce. As we develop a technically competent, multi-functional, multi-dimensional and confident workforce capable of providing responsive, innovative and professional services, we must ensure that the necessary tools are available to all. Two of our most important efforts are to increase awareness of these programs and opportunities and to reward our personnel who are the epitome of excellence within the financial management community. Three key programs and opportunities are:

- The Resource Management Mentorship Program (RMMP) is an excellent opportunity to improve technical and leadership skills. Mentoring has been recognized within the Army as an intrinsic part of leadership development. The development process includes training, operational assignments and self-development. We are currently accepting applications for the FY 00 RMMP. To learn more about the program, check the Mentoring Computer Based Training module on the OASA(FM&C) homepage.
- The Army Comptrollership Program (ACP) is a 14-month course of study that addresses Army comptrollership needs. The 51-credit hour graduate curriculum combines business and public administration concepts, theories and principles with Defense/Army resource management processes and practices. Nominations are due November 18, 1999 for the ACP Class of 2001.
- The Resource Management Annual Awards Program recognizes and encourages outstanding performance of individuals, teams, and organizations at all command levels. It complements installation, major command, and field agency recognition programs by focusing attention on the most deserving and commendable individuals, teams, and organizations managing resources.

These programs and opportunities will be described in our revised CP-11 ACTEDS Plan and our new Functional Area 45 Professional Development Guide. These documents provide career guidance; describe educational, training and professional development opportunities; and outline career path progression requirements including accreditation guidelines. The ACTEDS Plan will incorporate the Multi-Disciplined Financial Analyst initiative requirements and the FA 45 Guide will highlight OPMS XXI changes. Both will be published and distributed this summer.

The Comptroller Proponency Office is the focal point for career issues affecting all members of the Army Financial Management Team. Visit the FM&C web site at http://www.asafm.army.mil. to learn more about available programs and opportunities.



RESOURCE MANAGEMENT

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On the cover:

This creative group of Army Comptroller civilian careerists took part in a problem solving group session last March at the Federal Executive Institute in Charlottesville, Va. This publication will serve as the sounding board for issues and views of general interest to the CP-11 and Functional Area 45 community of financial and resource managers throughout the Army. *See article on page 4.*

This medium is approved for official dissemination of material designed to keep individuals within the Army knowledgeable of current and emerging developments within their areas of expertise for the purpose of professional development.
By order of the Secretary of the Army:

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"What's On Your Mind?"

Editor Note: *With this issue of RM we begin a forum born in a creative problem solving group session of Army Comptroller civilian careerists last March at the Federal Executive Institute in Charlottesville, Va. This publication will serve as the sounding board for issues and views of general interest to the CP 11 and Functional Area 45 community of financial and resource managers throughout the Army. Readers are encouraged to submit articles or letters to the editor, preferably by e-mail to* [redacted] *Our first contribution is from* [redacted] *in Korea, whom many readers will recognize as a past and frequent mince-no-words writer.*

Some organizations claim that strict adherence to DoD's five-year overseas civilian employment rule is not cost effective. I disagree. I believe that retaining an inept employee in an overseas assignment does greater harm to the organization—especially when it comes to morale, productivity and reputation.

In many ways resource managers are in reality "Human Reserve Managers." As such, we have to look out for the best interest of the organization and its people. How would it benefit an overseas organization to retain an employee who lacks current training or hasn't successfully adapted to the foreign environment? "The best way to escape from a problem is to solve it"—Alan Saporta.

DoD established a controversial policy which limits civilian over-seas tours to five years. Originally, I believed this rule was archaic. However, in the absence of a system which guarantees that an overseas command retains employees of the finest caliber, I now see the value of sustaining this policy. A DoD assignment in an overseas location is a privilege, not a right. An overseas tour extension is (should be) a reward for a job well done. Ideally, tour extensions should either be granted or denied on an individual, case-by-case basis.

The retention of highly talented and gifted employees should be the top priority of any command. DoD employees working in an overseas environment need to be highly professional, intensely competent and confident, and superb representatives of our country. It is management's responsibility to assure that DoD employees selected for overseas assignments possess desirable attributes and work ethics. Unfortunately, in many instances, management abdicates its responsibility to effectively supervise their employees and make those tough decisions concerning tour extensions—comfortably avoiding any type of confrontation with personnel.

Management should enforce the rotation of employees who mistake an overseas tour assignment for an all-expense-paid vacation. If management continues to extend non-productive employees [beyond five years], then higher echelons will regulate these decisions for the overseas commands (e.g., set limitations on overseas tour extensions). Management needs to do a better job in determining those they extend—or else the hard-working employees will also be swept away with those unsuitable for overseas assignments. If management were more selective in whom they retained in the overseas assignment, then the DoD 5-year rule would become superfluous.

Management's reluctance to take appropriate action against a poor performer in an overseas tour environment has serious consequences. In Dante's Divine Comedy, the neutrals, those souls who preferred to straddle the middle of the road instead of taking a decisive stand, are punished in the Inferno. Sitting on the fence with both ears to the ground is a poor way to manage. As in Dante's epic, indecisive managers are buffeted by such stinging pests as poor performance, personnel problems and mission failure.

Sustaining a stable, productive and viable civilian (U.S. and local national) workforce is essential to maintaining continuity in an overseas environment. Continuing to extend a torpid "homesteader" is detrimental to any overseas command. However, this happens too often because management believes it could realize savings from deferring the recruitment and permanent change of station moving costs of replacing the person. In some situations, management also believes that retaining a less than desirable employee would avoid costly confrontations, complaints and possible legal actions. However, what the organ-ization saves on personnel, PCS and potential litigation costs, it eventually loses through decreased productivity, low morale and a poor reputation.

A poor performer is costly to any organization. However, an overseas command has the option of returning a poor performer to home station in the U.S. when the foreign tour is completed. Shabby performance needs to be documented. Giving a good performance rating for inadequate work gives the inept employee a golden opportunity to grieve an extension denial through equal employment opportunity or other administrative or legal channels.

Slothful management practices —failing to counsel an employee with disciplinary problems or weak work habits and approving an extension because management doesn't want any "headaches"— only reinforces undesirable attributes. Additionally, taking no action against unsuitable employees causes good employees to either become less productive or search for employment elsewhere. Either way, the organization has incurred additional costs associated with decreased productivity.

The constrained budget environment requires DoD civilians to expend greater efforts to get the job done. There are no more "free rides." Management's reluctance to rotate inept employees back to the U.S. adds another burden to the organization. Other employees will have to work harder to make up for the "freeloader(s)." Decent employees, both local national and U.S. civil servants, will eventually become apathetic toward their work. Some will even get tired of putting in the extra effort. Collectively, the organization becomes a breeding ground for stress, workplace violence and sick leave abuse.

An organization is only as good as its people. An overseas command that continually extends poor performers [beyond five years] gets a reputation for being a "do-nothing, party assignment." Once a command has this stigma, it attracts those individuals interested in pleasure instead of business. This causes the organization to lose its creditability; and, without creditability, the pool of worthy applicants seeking employment in the overseas command greatly diminishes. Higher command echelons will no longer take the organization seriously. Worse yet, the overseas organization becomes the topic of jokes. Stories about "the auditor who only changes the date on the canned report that he or she has used for the last ten years" or the "analyst who hides assignments in the desk drawer to avoid work" become favorite topics at conferences and meetings. Although humorous, the proliferation of these anecdotes throughout the DoD community actually hurts the career opportunities for the command's exceptional employees. A few bad apples ruin it for the rest.

The continual extension of inadequate employees places management in an awkward position. Investigative agencies would seriously question the sudden extension denial of a (poor) employee based solely on "management's prerogative." Moreover, management would lose the overseas tour extension as a "bargaining tool," thereby giving control to the employee.

The "not on my watch" attitude hurts any overseas command. Indolent managers or supervisors who shirk their responsibilities and eventually move to other assignments leave problems for their successors. Whenever their successors attempt to take action against an inept employee, the glowing record of past performances and overseas tour extensions are used against the new manager or supervisor.

Extending an undesirable employee beyond five years reflects poorly on management. Overseas commands that continually approve the tour extensions of unbefitting employees incur the risk of "something falling through the cracks." Management is ultimately responsible for unacceptable work and mission failure. Passing the blame to an employee or subordinate for missing a suspense does not suffice. Higher tiers would question management's decision to extend someone who simply "cannot get the job done."

Enforcing the current DoD 5-year rule assures that overseas commands will rid themselves of unsuitable employees. Unfortunately, strict adherence to the limitation also sends desirable employees packing, thereby denying the command an opportunity to continue reaping the benefits of a productive employee. An objective case-by-case review will help managers decide if retaining an employee is beneficial to the overseas command. Managers should establish decision criteria to assist in their evaluation. At minimum, the criteria should include the following:

· Police Checks. An employee who has violated U.S. statute or the law of the host nation should be returned to his or her U.S. point of hire.

· Performance or Supervisory Skills. Employees who lack the basic skills required to perform their duties should be rotated back to the U.S. where they can take advantage of basic training opportunities. Likewise, supervisors who receive an inordinate number of complaints against them and experience constant turnover may need help in developing their leadership skills. Such supervisors should be returned to U.S. posts, where they can sharpen their supervisory skills or take basic [remedial] management, supervisory or leadership courses.

· Diverse Assignments. Employees who have shown a willingness to accept new, challenging assignments and responsibilities should be seriously considered for a tour extension.

· Training. Employees who have distinguished themselves by participating in high-level, demanding, intense training initiatives (such as attending the Army Management Staff College's Sustaining Base Leadership and Management program) should receive favorable consideration for extension.

· Awards and Recognition. Employees who have been published in professional journals or received honors while working for the overseas command—such as being selected "Employee of the Year"—are likely candidates for a tour extension.

· Positive Attitude. Favorable consideration should be given to employees who support command decisions, work well with the foreign national workforce and have adapted to the foreign culture.

· "Value Added." Management should objectively measure the benefit of retaining the employee. Avoiding PCS and associated personnel costs should not be considered. Furthermore, reasons such as "can't find anybody (except the incumbent) to take this job" are usually just excuses for not trying harder. This criterion basically asks, "How does retaining this employee make the overseas organization better?"

In conclusion, the 5-year rule is a tool that enables overseas commands to rid themselves of unsuitable employees. Unfortunately, good employees are also rotated back to the U.S. at the end of five years. Managers need to do a better job in determining who receives a tour extension. The continual extension of undesirable employees—because management "doesn't want the headaches"—transforms a tour extension from a deserving reward to a "rubber-stamped" right.

Extending inept employees in an overseas tour area is costly; such actions reduce productivity, lower morale, breed contempt, nurture an environment receptive to workplace violence and damage the credibility of the organization. Decision criteria will help management measure the merits of extending an individual. However, managers still need to document poor performance and disciplinary problems. Management's ability to better recruit, supervise, control and direct employees will make the DoD 5 year rule unnecessary.

[redacted] *is a Program Analyst with Headquarters U.S. Forces Korea and the Eighth U.S. Army in Seoul, Korea.*

Army Acquisition News

Are you interested in an opportunity to participate in an acquisition course through distance learning via the internet? The Defense Acquisition University offers many of its courses through distance learning. Consider ACQ 101, Fundamentals of System Acquisition Management, accessible at http://dau.fedworld. gov. It provides an overview of the DoD systems acquisition process, including the basics of systems acquisition program management and the developmental life cycle of a system from inception to disposal.

At press time, another course, BCF 102, Fundamentals of Earned Value Management, may also be up on the net. This instruction, especially useful for Category K Acquisitioners (Business, Cost Estimating and Financial Management), focuses on the application of earned value management in the defense systems acquisition process.

For more information about on-line DAU courses, contact [redacted] at DSN 664-7125 or [redacted] at DSN 664-7117.

The reengineering phenomenon -- Part II

by [redacted]

In part I, in the 1st qtr RM, the author explained that as budgets spiral downward, the major problems confronting business and government today are how to increase productivity and provide higher levels of service and responsiveness, while reducing costs. The environment is marked by changing threats, chaos in the markets, evolving priorities, organizations struggling to redefine themselves, structures that no longer work and management philosophies that are quickly outdated. An organization that can reengineer itself to become flexible, streamlined and responsive to the uncertain future has taken a step in the right direction.

Reengineering is permanently transforming the entire orientation and direction of the organization. It is not just about downsizing, information technology or reorganization; it is more concerned with doing things differently and efficiently.

For decades, the government followed the outdated processes of the past, bound by legal mandates and internal tradition, leaving employees feeling trapped. They simply asked for more money and people to keep their operations afloat as the environment got more complex. Now that resources are scarce and government performance is less than desirable, the government must reinvent itself or perish.

The Department of Defense shows good faith efforts to change its visions and missions through several convergent reinvention initiatives, including the Quadrennial Defense Review (QDR), the Defense Science Board and the National Performance Review, now the National Partnership for Reinventing government. The Army in turn has prepared a strong reengineering framework by creating at least 44 reinvention centers Army-wide, waiving restrictive Army regulations and generating legislative change.

The effort to date appears to have good intentions of improvement, but instead of reengineering the way it is defined—throwing out old processes and reinventing radically new ones—the Army is just modifying the current ones.

The Army needs to incorporate critical Business Process Reengineering or BPR characteristics, which include maintaining a process focus, adopting radical change and striving for dramatic improvements of 50 percent or better—all laid with the foundations of a solid change and risk management plan and industry's best practices.

To yield effective change, the Army should follow industry's recommended essential elements:

- Create a bold, well-articulated vision; adopt a systematic approach;
- Demonstrate clear intent and mandate change; pre-plan and communicate a specific methodology;
- Select effective and visible leadership to spearhead the transformation;
- Disseminate the message constantly, clearly and widely; and
- Restructure the organization toward a more fluid, adaptive and responsive network.

Cultural change management

The Army has an entrenched political and patriarchal culture that is very difficult to change. Traditions, norms and fears have to be overcome. Although significant steps have been made toward a more team-orientated organization, many organizations still operate in stovepipes.

To alleviate stress during these cultural changes, greater effort needs to be directed toward effective change management. As George Bennet, CEO of Symmetrix, says, "Reengineering rarely fails because a new process was poorly redesigned; reengineering usually fails because the human side of the equation is poorly managed" (Conference Report p15). The following is a list of lessons learned from previous reengi-neering experiences that might aid in the Army's cultural change management.

- Involve the exact people who will be affected by the changes—sometimes a tough sell, considering people's natural resistance; but crucial.
- Move away from centralized command to a devoted management style with more local empowerment and autonomy (Peltu et al p4).

♦ Show tangible proof and milestones at the local level, so employees will feel inspired during sustained reengineering efforts.

♦ Be on guard against unclear and unrealistic visions and/or contradictory behavior, which can undermine BPR.

♦ Unlearn past habits of thinking, and adopt new ways—treating stability as dysfunctional and radical innovation as the norm.

♦ Encourage greater teamwork, in which each member has multiple skills.

♦ Demonstrate human commitment to the transformation, so that during times of adversity, people will commit to supporting the core strategy and modify the appropriate systems.

♦ To alleviate rumors regarding the change effort, have a low-level employee join the executive strategic planning meetings, and publish widespread factual reports, with zero censorship (IBM Case Study, Peltu et al p21)

♦ Achieve consensus within the reengineering team on what processes should be reengineered.

♦ Provide special training and support to staff members who take on the extra responsibility that comes with increased empowerment (IBM Case Study, Peltu et al p22).

♦ Regard lifetime learning as essential to building a competent workforce, because skills have only a limited currency (Bonas Machine Co. Case Study, Peltu et al p24).

♦ Deal directly with the "counterrevolutionaries"—individuals who resist change. Their dissidence and arguments could bring down the culture. "Counsel them, but if ineffective and adamantly resisting change, dismissal is the only option" (AlliedSignal Case Study, Carr & Johannson p187).

♦ Concentrate on the five I's: Incentives, Information, Intervention, Indoctrination and Involvement (Hammer & Stanton p119).

♦ Provide *incentives* to individuals to change.

♦ Provide them with *information* and then more information.

To be responsive and needs-oriented, the Army must adopt a consistent, effective and fair HRM system.

♦ *Intervene*, dealing with people on a one-on-one basis.

♦ *Indoctrinate,* in order to make it clear that there are no alternatives to reengineering.

♦ *Involve* people at all stages of the BPR process.

Consistent human resource management

The Army must recognize that the system driving behavior, its human resource management or HRM policy, needs to be aligned with the vision for change. To be responsive and needs-oriented, the Army must adopt a consistent, effective and fair HRM system.

Currently the Army operates under two very different HRM systems, one for military and one for civilians. The military system is run by a central board—hiring, firing and promoting based on board-evaluated performance and periodic assignment based on vacancies; whereas the civilian system is run locally—hiring based on personnel criteria, firing and promotion based on length of service, and "lifelong " position assignment based on reputation.

This results in mismatched needs, non-removable "deadwood", unrewarded performance and inexperienced workers. The HRM function needs to be redesigned as other processes transform. The following are some examples of effective human asset management:

♦ Sustain high priority to human and organizational issues, including effective HRM and training policies, in order to support planned changes and to reduce the "pain of change" (Peltu et al p12).

♦ Maintain a skills inventory of current employees' work experiences, education and talents, so that when the organization is restructured the HRM department can strategically plan, match and position displaced workers.

♦ Align individual and group performance by measuring results that are more closely related with the marketplace, value of the work performed and contribution made. Employees feel rewarded and develop a sense of pride and ownership, which helps the organization attain its long-term goals (Bennis and Mische p81).

♦ Evaluate employees on their reengineering behaviors as well as on meeting their other objectives.

♦ Rotate managers among businesses to achieve cross-functional experience.

♦ Provide employees any training which improves their skills in areas they identify during annual career development meetings—whether or not applicable to their career function (AlliedSignal Case Study, Carr & Johannson p187).

♦ Develop ways to give public recognition to team achievements (like a Wall of Honor or reward at public meetings) (The p2).

- Encourage employees to pursue their own destiny and seek out teams or projects to join. If not actively "employed" within a specified time period—if the employee's skills are unwanted or unnecessary—attempt to retrain; otherwise dismiss, because there is no value added (Solu).
- Have employees identify their own strengths, weaknesses, opportunities and threats yearly. Learn new skills where deficiencies exist, always preparing for the next change by asking what else they could do if their job weren't there.

Strategic management

The Army needs to plan strategically and thoroughly. Few processes and cost drivers are mapped or understood, so it is difficult to change or eliminate what is not known. Decisions about what to reengineer then become subjective and often political. The Army needs to form a cohesive and committed team to track its core processes, recognize opportunities, and act as change agents to lead the way. This strong front gives the workforce constant reassurance from the top that the reengineering effort is supported and enduring. The following tricks of the trade could help management as the Army embarks on its reengineering journey:

- Do not declare victory too soon—some processes take five to ten years to accomplish. Reinvigorate the process with new projects, themes and change agents (Kotter p11).
- Constantly challenge the findings, conclusions and recommendations of everyone involved in reengineering; striving for innovation is a never-ending proposition (Bennis & Mische p110).
- Choose best people for design teams, with sufficient time away from everyday responsibilities to think creatively about improving processes (Peltu p12).
- Learn effectively from earlier problems, and communicate lessons learned with other BPR teams through newsletters, training or discussion groups.
- Focus on value rather than costs, and aim for simple systems and smart people (Leicester Case Study, Peltu et al p19).
- Do not try to accomplish too many reengineered processes all at once—narrow the focus on critical areas.
- Set up tangible performance measures that will help track whether the effort is on course and whether the reengineering processes fulfill the objectives.
- Obtain feedback from customers for relevant and realistic input on reinvention.
- While pursuing changes, always look to the future for the next innovation.

The public is demanding higher standards of performance, more effective management, greater accountability and enhanced value from their dollars.

Conclusions and recommendations

Times will continue to change, so organizations must stay one step ahead. Even President Lincoln had the foresight to realize organizations must reinvent themselves to survive: "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty and we must rise to the occasion. As our case is new so we must think anew and act anew." – *Second Annual Message to Congress, December 1, 1862.*

The public is demanding higher standards of performance, more effective management, greater accountability and enhanced value from their dollars. Army leaders must equip themselves with the right tools to embrace change. Reengineering of old processes, concepts and organizations is imperative to rapidly respond to and support the critical missions of the war fighter for the 21st century.

Bibliography is available at the end of part I of this article, in the 1st Qtr issue of *RM.*

About the Author

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The privatization of rotary wing training

Should the Army consider privatizing its rotary wing flight training program?

Part II

by [redacted]

In part I of this article, in the 1st Qtr issue of RM, the author explained that in this day and age of budget cuts and widespread belt tightening, most government agencies are looking for ways to stretch their dollars further. One way of reducing the size, and subsequently the budget requirements, of government is to commercialize those enterprises that are not inherently governmental in nature. The military has already privatized many enterprises such as on-base housing and the provision of utilities on military installations. Another area in which many analysts feel savings might be realized is the outsourcing of institutional military training activities. One such prospect for privatization is the Army's initial entry rotary wing training or IERW program at Fort Rucker, Ala.

Fort Rucker is a DoD-funded, Training and Doctrine Command or TRADOC controlled installation responsible for providing IERW training to Army and Air Force helicopter pilots. The flight training program at Fort Rucker is accomplished using a mixture of outsourced and in-house services. Activities currently outsourced at Fort Rucker include the aircraft maintenance services, a majority of the base operations and much of the flight instruction training. Department of the Army civilian employees conduct classroom flight training and basic flight skill training. The only major activities not currently contracted out are the actual ownership of the TH-67 training helicopters, and the advanced flight training, which is conducted by active duty warrant officer instructor pilots, or IPs.

In any outsourcing study, the first step is to consider the nature of the activities considered for commercialization. Comparisons between domestic and foreign military rotary wing training or programs are useful to determine which activities represent flight training's core competencies. In part I, we compared the Fort Rucker rotary wing training program to those of the United Kingdom (UK) and Canada for this purpose. The foreign programs were chosen because they have received publicity in the 1990s for their own training program privatization initiatives.

Comparison of the three flight training programs regarding the extent to which each had outsourced basic flight training activities, i.e., administration, base operations, aircraft ownership, aircraft maintenance services and classroom and flight line flight instruction, is depicted in the following chart.

	US	UK	Canada
Administration	Military	Military	Military
Base Operations	Outsourced	Outsourced	Outsourced
Aircraft Ownership	Military	Outsourced	Outsourced
Acft Maintenance	Outsourced	Outsourced	Outsourced
Flight Instruction			
·Classroom	Outsourced	Outsourced	Outsourced
·Flight Line	Mil & Civ	Mil & Civ	Mil & Civ

Comparison of Rotary Wing Training Program Activities

Several trends show up here. All three countries are adamant about maintaining military control over the administration of their flight training programs. This is the strongest argument against referring to any of them as privatized; for to do so, the country in question would have to be willing to relinquish administrative control over the program to a responsible commercial entity. Conversely, all three programs make widespread use of outsourcing to accomplish their base operations, aircraft maintenance and classroom instruction activities, which are widely recognized as commercial in nature. The specific skills and abilities required to perform them are found in all flight training programs, civilian and military.

All three programs use military IPs on their flight lines. The Canadian program uses military pilots exclusively but appears the most likely to someday convert to civilian IPs. In the British and American programs, active duty IPs deliver a minor proportion of the instruction. Both programs use retired military (i.e., civilian) pilots to conduct their basic flight programs. In the U.S., the agency contracted to provide the training hires these pilots as Army civilian employees. The U.S. and U.K. programs use military instructors to conduct combat flying skills training. These skills include tasks such as night and night vision goggle flight as well as low level and nap-of-the-earth flight profiles.

Although both the U.S. and the U.K. use military IPs to provide their combat flying skills training, their reasons for doing so are different. In the U.K., civilian aviation regulations prohibit civilian pilots from performing low-level training. Short of seeking an exception to this policy, their helicopter flight school is essentially required to use military instructors to conduct this training. In the U.S., however, this choice is largely a matter of preference. Former Army Aviation Center commander [redacted] Petrosky recognized the need to get student pilots into the military mindset as soon as possible, when he spoke of the "greening" process for these students. Paramount to achieving this transformation is the integration of the student pilot with active duty IPs as soon as possible in the training program. Currently, this occurs in the combat skills training portion of the Fort Rucker flight training program.

The U.S. rotary wing training program remains the last to use government owned helicopters. Upon forming its helicopter flight school, the British outsourced both the provision and the maintenance of the helicopters that it uses for training. Canada's outsourcing expanded from just aircraft maintenance initially to actually providing both aircraft and maintenance in its most recent proposal. The U.S. program, however, still uses government-owned helicopters. Recent upgrades from the aging UH-1 to the new TH-67, an off-the-shelf rotary wing trainer, indicate that the government intends to maintain ownership of the aircraft used in training for the foreseeable future.

Observations

By comparing the U.S., U.K. and Canadian flight training programs, it appears that the overall administration of the programs is an inherently governmental function. The base operations, maintenance and classroom activities on the other hand appear largely commercial in nature. In the middle lie aircraft ownership and the actual in-the-helicopter flight instruction activities. The next question to address becomes which of these activities are best performed in-house and which are best outsourced.

Flight training skills

Combat flight training skills are a unique commodity. By their nature they come from only one place—the military. These skills are both individual and collective in nature. Individually, aviators must be proficient at modes of flight that are inherently more demanding than the basic skills provided in commercial flight training programs. Collectively, these aviators must be able to use their individual skills in concert with the skills of the other members of their unit to conduct highly synchronized, multi-aircraft operations. A unit may be assigned aviators with superior individual skills, but if the unit is unable to develop their collective skills, the unit will be ineffective. These collective unit skills produce finely honed helicopter units that are capable of battlefield dominance.

It is recognized that only IPs who have experienced the rigors of military helicopter operations can effectively teach combat flight skills. This does not equate to a requirement for active duty instructors to fill these positions. The civilian IPs used to teach basic flight skills, and in some cases combat flight training, are traditionally retired Army aviators. Currently, they perform all basic skill flight training and occupy about 40 percent of the combat skills training positions. While previous military flight experience is a prerequisite for IPs, one can identify no clear point of separation at which flight training becomes an inherently governmental activity.

Based on the facts that collective unit skills are not the focus of training at Fort Rucker and that there is no clearly identifiable point at which individual skill training becomes inherently governmental, one can conclude that all flight line training could reasonably be outsourced. In addition to the cost savings associated with outsourcing these IP positions, another advantage is that it would free up a battalion's worth of active duty IPs to return to combat units. Aviation units are currently experiencing a shortage of active duty aviators. The Army has recently authorized incentives to lure reserve component aviators back to active duty. By hiring additional civilian IPs and effectively outsourcing all hands-on, in-the-cockpit training, Army aviation would place its active duty aviators where they belong—in fully staffed, highly trained, combat-ready units.

Ownership of training aircraft

The issue of whether the government should maintain ownership of the aircraft used for training is also debatable, but for different reasons. In the last 15 years, Army aviation has utilized three different airframes as its primary training aircraft. Prior to 1988, the TH-55 was the aircraft used by all students as they underwent initial flight training. This aircraft utilized a reciprocating engine and was significantly underpowered compared to the aircraft in the modern helicopter fleet. In 1988, the UH-1 became the primary training aircraft used at Fort Rucker. This aircraft was the Army's workhorse for 30 years and was a durable trainer, but it was significantly more expensive to operate per flight hour. Faced with pressures to reduce training costs, the Army elected to replace the aging UH-1 fleet with the TH-67 in 1994. Early observations indicate that the TH-67 may suffer from some of the same problems that the TH-55 did and may require the fleet to undergo modifications to upgrade the aircraft in the near future.

These upgrades and modifications to the Army's helicopter training fleet represent a significant capital expenditure requirement. Outsourcing the actual ownership of the training helicopters could effectively transfer some of the risk of obsolescence in the training fleet to the contracted agency. The company could assume the responsibility for developing or purchasing the most economical trainer subject to the Administration's requirements. It is questionable, however, that any private organization is capable of providing the number of training helicopters required for the program. If a commercial organization with capacity to provide these helicopters exists, contracting with them for helicopter utilization would certainly offer savings to the government.

UND Rotary Wing Training Program

An example of a completely privatized training program designed to produce qualified military aviators is the University of North Dakota (UND) rotary wing training program. The university has provided helicopter flight training to the Reserve Officers' Training Corps cadets enrolled in the UND Air Battle Captain rotary wing training since the early 1980s (Rivera p3). The Army's ROTC cadet command provides funding for the cadet training. TRADOC is the program executive agent. The purpose of the program is to produce qualified Army aviators. The size of the university's program is extremely small (1.5 percent) compared to Fort Rucker's rotary wing training program. Students apply, train and complete the UND's program under the assumption that upon graduation they will proceed to the Army Aviation Center for advanced training.

UND's rotary wing training program is essentially equivalent to Fort Rucker's common core, initial entry rotary wing training program. The difference between the programs is that the university also offers fixed wing training in its curriculum. The program offers rotary wing training to ROTC students during three of their academic years at the university, while Fort Rucker's training program is concentrated into 32 weeks. To ensure that students meet the Army's aviator training requirements, the university designed its program curriculum to be compatible with the requirements specified in the Fort Rucker rotary wing training program of instruction.

In 1991, TRADOC directed an analysis to determine the cost and training effectiveness of both the UND and the Fort Rucker rotary wing training programs. This analysis identified that while the university program was effective in producing rotary wing aviators sufficiently trained to meet Army needs, the cost of doing so was twice as much as the Fort Rucker program (Rivera p5). A subsequent technical report in Jan. 1997 verified that although both programs had achieved cost savings, the UND's program was still approximately twice that of the Fort Rucker program per student.

The 1997 report also recognized that a majority of the aviators trained under the universtiy's program were accessing into other branches of the service or into the Army Reserve. Of the 15 students who completed the UND rotary wing training program in 1995, only one was accessed into active duty Army aviation service. This is despite the fact that all graduates of the university's program are expected to access into aviation branch. The study offered no explanation for this fact. It appears, however, that the lack of direct military involvement in the UND program does not develop the sense of duty that Fort Rucker's rotary wing training program does. This fact lends credence to the argument for the "greening" process mentioned earlier.

Recommendations

Pressure to increase operational efficiency within the government is currently at unprecedented levels. Outsourcing governmental activities and privatizing complete government functions are two effective means for transferring non-core responsibilities from the government to the private sector. Many of the activities involved in the Army's rotary wing training program are already outsourced. The university's rotary wing training program demonstrates that privatized helicopter training programs exist today and that they are capable of providing basic flight training skills for new Army aviators. These facts suggest that the DoD could conceivably consider the privatization of Army aviation training. This, I feel, would be carrying the government's pursuit of cost savings a step too far.

Outsourcing services such as aircraft and airfield support and maintenance has proven cost effective and has lowered the average cost of training for each individual student at Fort Rucker. Other activities that potentially offer savings through outsourcing include aircraft ownership and IP positions. By allowing a commercial organization to provide the training aircraft for the Army's program, Fort Rucker could effectively distribute the risk associated with owning this training fleet and reduce the overall cost to the government. Army aviation should consider outsourcing the ownership of its training aircraft if there is a commercial entity capable of providing these aircraft.

Additionally, all IP positions in the Fort Rucker training program should be considered for outsourcing. The majority of civilian pilots used in the Army's current training program are former Army officers and warrant officers. With prior military IP time as a prerequisite, all Army instructor positions at Fort Rucker can effectively be outsourced.

Many might suggest that with all flight training activities except for the program administration effectively outsourced, privatization is the next natural step. Privatization, however, would take the military out of military flight training. The Army's flight training program provides new officers with their first military experience. It is a time of indoctrination as well as a period of individual skill development. Administrative control of the program at Fort Rucker must remain an Army Aviation Center responsibility. By making maximum use of commercial enterprises to conduct individual training activities, the center's focus can become even broader in perspective. This could conceivably allow the Army's aviation command to evolve into the administrative controlling agency responsible for running an even larger-scale NATO rotary wing aviator training program. In this manner the program could achieve even larger economies of scale, further reducing overall costs and generating revenues associated with training foreign aviators.

Expansion of training represents a long-term goal for the Army's rotary wing aviator training program. The immediate question is whether to consider the current Fort Rucker program for privatization. Increased outsourcing, particularly in the areas of aircraft ownership and the use of civilian instructor pilots, would offer potentially increased efficiencies for the Fort Rucker program and should be studied.

Privatization, however, relinquishes too much program administration authority to meet government needs. In this sense, administration of the military's flight training program, like command of military forces itself, represents an activity that is inherently governmental in nature. For this reason, control of the Army's rotary wing flight training program should not be relinquished to the private sector.

About the Author

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RMMP announcement is out

The Resource Management Mentorship Program, or RMMP, is a great way to improve technical and leadership skills. By pairing an experienced person (mentor) with a less experienced person (associate), the mentoring program promotes professional and personal growth through the sharing of knowledge and insight learned over the years. The mentor and associate work together to reach specific goals, and they provide each other feedback to ensure that goals are attained. It is a reciprocal partnership, in which the mentor and associate stimulate one another's growth. To see this entire announcement, visit www.asafm.army.mil and select 'Proponency'. To learn more about the program in general, find and step through the mentoring computer-based training module. We are now taking applications—due June 23, 1999—for the FY 00 RMMP (Oct. 1, 1999 – Sept. 30, 2000). Please note, you can apply to be both a mentor and an associate. Partnership matches will be finalized and participants notified in August.

Worth reading:

Some refreshing perspectives on leadership

Editor's Note: *This came to us from an Army warrant officer on a year long training with industry assignment at Sears, Roebuck & Co. in Chicago. Recently, retired Joint Chiefs Chairman Gen. Colin Powell visited the Sears corporate headquarters to speak as part of his Outreach to America program. These notes are from Powell's presentation, "Eighteen Great Lessons in Leadership."*

Lesson 1. Being responsible sometimes means upseting people. Good leadership involves responsibility to the welfare of the group, which means that some people will get angry at your actions and decisions. It's inevitable if you're honorable. Trying to get everyone to like you is a sign of mediocrity: You'll avoid the tough decisions, you'll avoid confronting the people who need to be confronted, and you'll avoid offering differential rewards based on differential performance because some people might get upset. Ironically, by procrastinating on the difficult choices, by trying not to get anyone mad, and by treating everyone equally "nicely" regardless of their contri-butions, you'll simply ensure that the only people you'll wind up angering are the most creative and productive people in the organization.

Lesson 2. "The day soldiers stop bringing you their problems is the day you have stopped leading them. They have either lost confidence that you can help them or concluded that you do not care. Either case is a failure of leadership. If this were a litmus test, the majority of CEOs would fail. One, they build so many barriers to upward communication that the very idea of someone lower in the hierarchy looking up to the leader for help is ludicrous. Two, the corporate culture they foster often defines asking for help as weakness or failure, so people cover up their gaps and the organization suffers accordingly. Real leaders make themselves accessible and available. They show concern for the efforts and challenges faced by underlings—even as they demand high standards. Accordingly, they are more likely to create an environment where problem analysis replaces blame.

Lesson 3. Don't be buffaloed by experts and "elites." Experts often possess more data than judgment. Elites can become so inbred that they produce hemophiliacs who bleed to death as soon as they are nicked by the real world. Small companies and startups don't have the time for analytically detached experts. They don't have the money to subsidize lofty elites, either. The president answers the phone and drives the truck when necessary; everyone on the payroll visibly produces and contributes to bottom-line results, or they're history. But as companies get bigger, they often forget who "brung them to the dance": things like all-hands involvement, egalitarianism, informality, market intimacy, daring, risk, speed, agility. Policies that emanate from ivory towers often have an adverse impact on the people out in the field who are fighting the wars or bringing in the revenues. Real leaders are vigilant—and combative—in the face of these trends.

Lesson 4. "Don't be afraid to challenge the pros, even in their own backyard." Learn from the pros, observe them, seek them out as mentors and partners. But remember that even the pros may have leveled out in terms of their learning and skills. Sometimes even the pros can become complacent and lazy. Leadership does not emerge from blind obedience to anyone. Xerox's Barry Rand was right on target when he warned his people that if you have a yes-man working for you, one of you is redundant. Good leadership encourages everyone's evolution.

Lesson 5. "Never neglect details. When everyone's mind is dulled or distracted, the leader must be doubly vigilant." Strategy equals execution. All the great ideas and visions in the world are worthless if they can't be implemented rapidly and efficiently. Good leaders delegate and empower others liberally, but they pay attention to details, every day. (Think about supreme athletic coaches like Jimmy Johnson, Pat Riley and Tony La Russa). Bad ones—even those who fancy themselves as progressive "visionaries"—think they're somehow "above" operational details. Paradoxically, good leaders understand something else: An obsessive routine in carrying out the details begets conformity and complacency, which in turn dulls everyone's mind. That is why even as they pay attention to details, they continually encourage people to challenge the process. They implicitly understand the sentiment of CEO-leaders like Quad Graphic's Harry Quadracchi, Oticon's Lars Kolind and the late Bill McGowan of MCI, who all independently asserted that the job of a leader is not to be the chief organizer but the chief disorganizer.

Lesson 6. "You don't know what you can get away with until you try." You know the expression, "It's easier to get forgiveness than permission"? Well, it's true. Good leaders don't wait for official blessing to try things out. They're prudent, not reckless. But they also realize a fact of life in most organizations: If you ask enough people for permission, you'll inevitably come up against someone who believes his job is to say No. So the moral is, don't ask. I'm serious. In my own research with colleague Linda Mukai, we found that less effective middle managers endorsed the sentiment, "If I haven't explicitly been told Yes, I can't do it"; whereas, the good ones believed, "If I haven't explicitly been told No, I can." There's a world of difference between these two points of view.

Lesson 7. "Keep looking below surface appearances. Don't shrink from doing so (just) because you might not like what you find." "If it ain't broke, don't fix it," is the slogan of the complacent, the arrogant and the scared. It's an excuse for inaction, a call to non-arms. It's a mindset that assumes (or hopes) that today's realities will continue tomorrow in a tidy, linear and predictable fashion. Pure fantasy. In this sort of culture, you won't find people who proactively take steps to solve problems as they emerge. Here's a little tip: Don't invest in these companies.

Lesson 8. "Organization doesn't really accomplish anything. Plans don't accomplish anything, either. Theories of management don't much matter. Endeavors succeed or fail because of the people involved. Only by attracting the best people will you accomplish great deeds." In a brain-based economy, your best assets are people. We've heard this expression so often that it's become trite. But how many leaders really "walk the talk" with this stuff? Too often, people are assumed to be empty chess pieces to be moved around by grand viziers, which may explain why so many top managers immerse their calendar time in deal-making, restructuring and the latest management fad. How many immerse themselves in the goal of creating an environment where the best, the brightest and the most creative are attracted, retained and—most importantly—unleashed?

An obsessive routine in carrying out the details begets conformity and complacency, which in turn dulls everyone's mind.

Lesson 9. "Organization charts and fancy titles count for next to nothing." Organization charts are frozen, anachronistic photos in a workplace that ought to be as dynamic as the external environment around you. If people really followed organization charts, companies would collapse. In well-run organizations, titles are also pretty meaningless. At best, they advertise some authority—an official status conferring the ability to give orders and induce obedience. But titles mean little in terms of real power, which is the capacity to influence and inspire.

Have you ever noticed that people will personally commit to certain individuals who on paper (or on the org chart) possess little authority—but instead possess pizzazz, drive, expertise and genuine caring for teammates and products? On the flip side, non-leaders in management may be formally anointed with all the perks and frills associated with high positions, but they have little influence on others, apart from their ability to extract minimal compliance to minimal standards.

Lesson 10. "Never let your ego get so close to your position that when your position goes, your ego goes with it." Too often, change is stifled by people who cling to familiar turfs and job descriptions. One reason that even large organizations wither is that managers won't challenge old, comfortable ways of doing things. But real leaders understand that, nowadays, every one of our jobs is becoming obsolete. The proper response is to obsolete our activities before someone else does. Effective leaders create a climate where people's worth is determined by their willingness to learn new skills and grab new responsibilities, thus perpetually reinventing their jobs. The most important question in performance evaluation becomes not, "How well did you perform your job since the last time we met?" but, "How much did you change it?"

Lesson 11. "Fit no stereotypes. Don't chase the latest management fads. The situation dictates which approach best accomplishes the team's mission." Flitting from fad to fad creates team confusion, reduces the leader's credibility and drains organizational coffers. Blindly following a particular fad generates rigidity in thought and action. Sometimes speed to market is more important than total quality. Sometimes an unapologetic directive is more appropriate than participatory discussion. To quote Powell, some situations require the leader to hover closely; others require long, loose leashes. Leaders honor their core values, but they are flexible in how they execute them. They understand that management techniques are not magic mantras but simply tools to be reached for at the right times.

Lesson 12. "Perpetual optimism is a force multiplier." The ripple effect of a leader's enthusiasm and optimism is awesome. So is the impact of cynicism and pessimism. Leaders who whine and blame engender those same behaviors among their colleagues. I am not talking about stoically accepting organizational stupidity and performance incompetence with a "What, me worry?" smile. I am talking about a gung-ho attitude that says "We can change things here; we can attain awesome goals; we can be the best." Spare me the grim litany of the "realist"; give me the unrealistic aspirations of the optimist any day.

Lesson 13. "Powell's Rules for Picking People"—Look for intelligence and judgment and, most critically, a capacity to anticipate, to see around corners. Also look for loyalty, integrity, a high-energy drive, a balanced ego and the drive to get things done. How often do our recruitment and hiring processes tap into these attributes? More often than not, we ignore them in favor of length of resume, degrees and prior titles. A string of job descriptions a recruit held yesterday seem to be more important than who one is today, what she can contribute tomorrow or how well his values mesh with those of the organization. You can train a bright, willing novice in the fundamentals of your business fairly readily, but it's a lot harder to train someone to have integrity, judgment, energy, balance and the drive to get things done. Good leaders stack the deck in their favor right in the recruitment phase.

"Great leaders are almost always great simplifiers, who can cut through argument, debate and doubt, to offer a solution everybody can understand."

Lesson 14. (Borrowed by Powell from Michael Korda): "Great leaders are almost always great simplifiers, who can cut through argument, debate and doubt, to offer a solution everybody can understand." Effective leaders understand the KISS principle, or Keep It Simple, Stupid. They articulate vivid, overarching goals and values, which they use to drive daily behaviors and choices among competing alternatives. Their visions and priorities are lean and compelling, not cluttered and buzzword-laden. Their decisions are crisp and clear, not tentative and ambiguous. They convey an unwavering firmness and consistency in their actions, aligned with the picture of the future they paint. The result? Clarity of purpose, credibility of leadership and integrity in organization.

Lesson 15. Part I: "Use the formula P@ to 70, in which P stands for the probability of success and the numbers indicate the percentage of information acquired." Part II: "Once the information is in the 40 to 70 range, go with your gut." Powell's advice is, don't take action if you have only enough information to give you less than a 40 percent chance of being right, but don't wait until you have enough facts to be 100 percent sure, because by then it is almost always too late. His instinct is right: Today, excessive delays in the name of information-gathering breeds "analysis paralysis." Procrastination in the name of reducing risk actually increases risk.

Lesson 16. "The commander in the field is always right and the rear echelon is wrong, unless proved otherwise." Too often, the reverse defines corporate culture. This is one of the main reasons why leaders like Ken Iverson of Nucor Steel, Percy Barnevik of Asea Brown Boveri, and Richard Branson of Virgin have kept their corporate staffs to a bare-bones minimum. (And I do mean minimum—how about fewer than 100 central corporate staffers for global $30 billion-plus ABB? Or around 25 and 3 for multi-billion Nucor and Virgin, respectively?) Shift the power and the financial accountability to the folks who are bringing in the beans, not the ones who are counting or analyzing them.

Lesson 17. "Have fun in your command. Don't always run at a breakneck pace. Take leave when you've earned it; spend time with your families." Corollary: "Surround yourself with people who take their work seriously, but not themselves, those who work hard and play hard." Herb Kelleher of Southwest Air and Anita Roddick of The Body Shop would agree: Seek people who have some balance in their lives, who are fun to hang out with, who like to laugh (at themselves, too) and who have some non-job priorities which they approach with the same passion that they do their work. Spare me the grim work-aholic or the pompous pretentious "professional"; I'll help them find jobs with my competitor.

Lesson 18. "Command is lonely." Harry Truman was right. Whether you're a CEO or the temporary head of a project team, the buck stops here. You can encourage participative management and bottom-up employee involvement, but ultimately the essence of leadership is the willingness to make the tough, unambiguous choices that will have an impact on the fate of the organization. I've seen too many non-leaders flinch from this responsibility. Even as you create an informal, open and collaborative corporate culture, prepare to be lonely.

AMSC SBLM Classes Graduate

The Army Management Staff College's Sustaining Base Leadership and Management program's resident 99-1 and nonresident 1998-99 classes each finished in April. In the resident class, the Comptroller Career Program had 23 students, from nine commands and Headquarters, and the nonresident group had 11 CP-11 from Headquarters and four commands. During the intense course, students worked on creative and unconventional solutions to familiar problems. They focused on "big-picture" issues like why we have an Army; how we design it; how we staff, equip, sustain, support, and station the Army; and issues in leadership, management, decision-making and stewardship that Army civilian leaders have to deal with. Congratulations to all graduates for thinking way outside the box!

Resident Class 99-1

Name	Command
[redacted]	HQDA/AAA
	HQDA/OASA(FM&C)
	TRADOC
	AMC
	AMC
	HQDA/AAA
	HQDA/IG
	USAREUR
	AMC
	MDW
	CIDC
	AMC
	EUSA
	HQDA/AAA
	USACE
	INSCOM
	AMC
	AMC
	TRADOC
	EUSA
	HQDA/AAA
	FORSCOM
	MDW

1998-99 Nonresident Class

[redacted]	AMC
	AAESA/PEO
	AAESA/PEO
	MDW
	AMC
	FORSCOM
	AMC
	AESA/PEO
	AAESA/PEO
	HQDA
	AMC

Army productivity improvement programs

by [redacted]

As I looked back over my almost 20 years as an Army management analyst, I slowly came to the realization that my career has been a series of short but enthusiastic PIPs. I don't mean these programs as a metaphor for an intellectual breakthrough, like a bird breaking through the eggshell in hatching. Instead, I mean PIP as the acronym for Productivity Improvement Program.

There seem to have been countless PIPs in my Army career. Starting as a manpower analyst with the management by objectives PIP, I dutifully worked with managers to update their mission and functions statements. Before I had completed that project, I found myself up to my ears in the commercial activities program. As soon as that program died down, I was doing methods and standards studies, which seemed to transition quietly into the Organizational Efficiency Review Program and later simply change its name to Management Studies. Scattered in between were Manage Civilians to Budget, Productivity Capital Investment Program, Productivity Gain Sharing, Quick Return on Investment Program, Review and Analysis, Manpower Staffing Standards System, Corporate Information Management and a host of others. In retrospect, I feel as though I've been pushing the alphabet soup of the productivity-improvement-program-du-jour.

Although these initiatives have translated into full employment programs for my fellow management analysts and myself, sadly few have achieved the desired results. It is not because they were without merit or that they were the creation of some reckless bureaucrats. On the contrary, each initiative has had a proven track record of success in either government or industry. It is not because they were met with resistance by managers or leaders and workers. Although there was resistance, it was not blind resistance to change. I believe the cynicism and contempt were based on a genuine belief that the latest initiative would waste critical resources and inhibit real improvement.

Why then, have these initiatives failed to achieve good results? The answer may be simpler than we think. As unfortunate as it may be, cutting off a patient's gangrenous foot may be the best and only cure. However, that does not mean it is the best cure for athlete's foot or that it should be prescribed for all patients simply because it worked well for one patient.

Similarly, results from a productivity improvement initiative can vary widely from one organization to another. Consequently, a productivity improvement initiative should not be prescribed without first diagnosing the organization to determine which initiative will provide the best results.

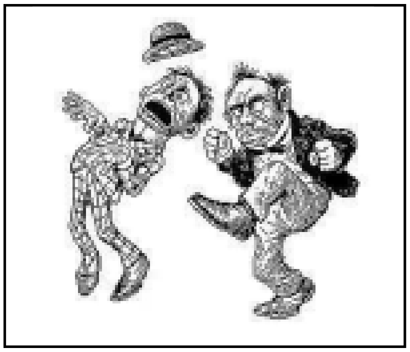
Just as the Army considers the difference between the maturity level of professional doctors or lawyers and regular soldiers when recruiting and providing proper military training, we too must tailor our initiatives based on the maturity of the organization. The concept of assessing or diagnosing maturity to improve performance is not new. Ken Blanchard and Paul Hersey developed the Situational Leadership model more than 25 years ago, yet it is still the first and most important step in the improvement process and cannot be overemphasized. In addition to assessing the maturity of the entire organization, each organizational element or subdivision must be diagnosed. Like the common wisdom of politics that "all politics is local," all improvement also is local.

I am sure there are many who would disagree with me on this point. Improvement must be "top down," they will argue. Surely, in my experience, lack of commitment from the top has been the most cited reason for failure. However, I believe that this excuse is just a popular productivity improvement myth. There are just no facts to support the claim. All the productivity improvement programs mentioned above have been top down, yet none have delivered the desired results. Ironically, top down may be the kiss of death for many initiatives.

Take for example, Organizational Effectiveness or OE. When top management pulled the plug on funding, there was little local support to continue. Few organizations believed that OE's benefits were worth the cost; yet, the small pockets of OE that did survive and still prosper, do so because they sold themselves locally. Perhaps, then, the key to success is local support, not top-down direction.

I am not saying that top management and leadership do not play an important role in productivity improvement initiatives. On the contrary, they play the most important role. Since diagnoses should be used to determine the best productivity improvement initiative, the key role of top management and leadership is to create a sense of urgency. Clearly there is no improvement without change. Unfortunately, however, change is not part of our organizational nature. Many times we are complacent with low performance standards which are easy to attain. It takes nothing short of a crisis to force us to move outside our comfort zone toward improvement.

This point is best illustrated by one of the most successful improvement pro-grams ever, Alcoholics Anonymous. The first step of the AA 12-step program, in the improvement process, is to establish a sense of urgency by the participants' admitting they are powerless over alcohol and that their lives have become unmanageable. Similarly, faced with a crisis, Army organizations will either adapt or innovate to meet the challenge. Therefore, top



management's role is to create a sense of urgency by establishing a crisis through challenging performance goals.

Finally, although there is so much I would like to say about successful productivity improvement initiatives, perhaps the most important myth to debunk is that one must be an expert in the process targeted for improvement. I cannot count the number of times managers have questioned how my management analysts could help them improve a process we knew nothing about. The truth is, although the experts on a process may know nearly everything there is to know about their own operation, they may also know little about how to improve it. Improvement requires a different set of skills and knowledge. Now, that may sound like a self-serving statement; but consider these examples from history: two musicians invented Kodachrome film; a gynecologist and a dentist invented a birth control device; and my favorite, two bicycle mechanics (the Wright brothers) made human flight possible. Still, I am sure there are those who would argue that the Army is different. Is the Army different? The camouflage patterns used by the Army were inspired by the cubist art of Braque and Picasso. The uncracked U.S. military code used during the Second World War was based on the Navajo language. So, if productivity improvement is your goal, look outside your organization, to your management analysis resources, for a fresh set of eyes.

In conclusion, I believe that the endless procession of Army productivity improvement programs has not achieved optimum results, because they have been prescriptive top-down remedies rather than individually diagnosed and tailored initiatives. To achieve greater results, top management should create a sense of urgency by creating a crisis through challenging performance goals. Then, our top leaders should allow commanders to use the method best suited for their organization to meet imposed challenge.

About the author

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Federal Executive Institute: Creative problem solving

by [redacted]

Have you ever been stumped at how to solve the latest crisis in your office? Can you count the hours you wrestled with how to approach problems you thought were too big to tackle? Do you wish you could think of a creative way to make your unsolved problem(s) turn into workable projects? Well, think no further. There are tools available to assist you. And that's no "crock." The tools I have in mind were recently tried and proven effective by several of your fellow professional comrades.

I had the pleasure of meeting with 11 other comptroller careerists last March at the Federal Executive Institute, or FEI, in Charlottesville, Va. The purpose of the gathering was three-fold:

- An opportunity to take part in the "FEI" experience (which had previously been afforded only to GS-15s and above),
- An opportunity to receive training and at the same time help solve a "real problem" with newly acquired tools and techniques, and
- An opportunity to exchange and share ideas with other careerists.

FEI is perhaps best known for offering executive training programs for the Senior Executive Service, but its recently expanded curriculum now includes customer-developed specialized training. With the assistance of outgoing Army principal deputy assistant secretary for financial management and comptroller Neil Ginnetti as its Army faculty member in residence; Comptroller Proponency office chief Terry Placek and Army National Guard financial manager Howard Manwiller, FEI developed and hosted a 4-day workshop on creative problem solving. The workshop attendees were representatives from the Army's major commands, specially chosen to get the widest variety of experience and background necessary to make this condensed, intensive training the most meaningful possible. Dr. Roger L. Firestien, president of Innovative Systems Group and an associate professor at the Center for Studies in Creativity, State University of New York, was the professional facilitator.

The tool used during the workshop was Creative Problem Solving, or CPS, a method for dividing thinking into three basic phases: exploring the challenge, generating ideas and preparing for action. Within each of these phases the "owner of the problem" sets a goal, applies divergent and convergent thinking and then finishes with re-looking his or her outcomes. Mastery of the technique is evident from three end results—a well defined statement of the problem, an idea or selected list of how to help solve the problem and a well-developed, detailed and improved solution.

During the workshop, Dr. Firestein guided participants through a series of phases that helped them identify over 1,600 ideas addressing two problems the CP-11 Executive Council had asked assistance with solving: under the CP-11 Strategic Plan, who were the customers and how could current business processes used to meet the needs of careerists be improved? With the efforts and full participation of all the careerists using CPS, a clear identification of the customer and a short- and a long-term plan of

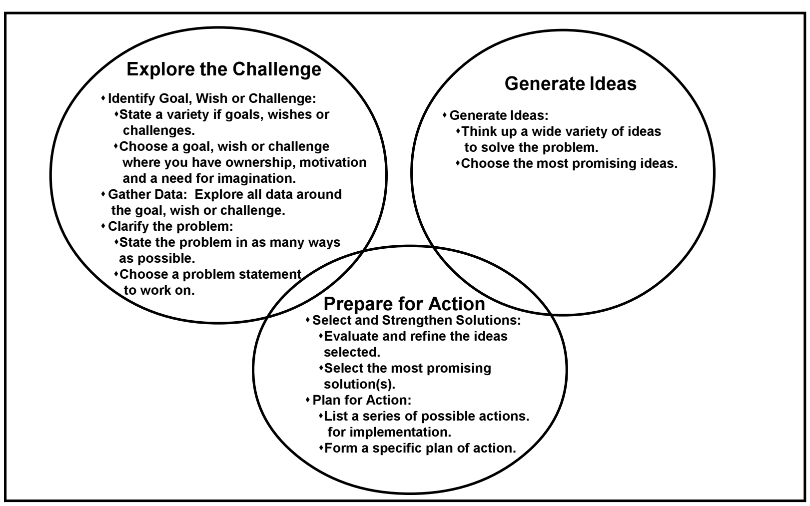

Figure 1: Creative problem solving process

action to implement improved business processes were finalized for the next CP-11 executive council meeting before everyone left Charlottesville.

If CPS sounds like something you would be interested in trying, more details of this process can be found in Dr. Firestien's book, *Leading on the Creative Edge*. Or, better yet, have your training coordinator work with FEI to host your own workshop on CPS. Having recently experienced the process, I can recommend it as an innovative way to tackle those not-so-new problems that face us in our daily work environment. So the next time you have the need to get those crocodiles out of your office and back into the swamp, think about applying some creative problem-solving techniques—they really do work.

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About the Author

[redacted] supervises the Eighth U.S. Army OACS-RM budget execution branch in Seoul, Korea. She has a bachelor's degree from St Martins College and is a 1992 graduate of the Army Comptrollership Program at Syracuse University, a certified government financial manager and a member of the American Society of Military Comptrollers and the Association of Government Accountants.

Leiby, Bohmbach, Newberry, Arigo earn Presidential recognition

Barbara A. Leiby, the Army Materiel Command's deputy chief of staff for RM, was one of three women among 18 DoD winners of the annual Presidential Distinguished Executive awards for 1998. In a recent ceremony in downtown Washington, Vice President Al Gore presented a presidential plaque to each recipient, who will also get a before-tax payment of $20,000. Later that evening at the State Department, the Senior Executives Association, a private group, recognized the winners at a black-tie dinner.

Leiby was cited for a key role while with the Army staff in developing the funding strategy to finance 1990-91 operations Desert Shield and Desert Storm. Her reorganization of the Army budget office's business directorate became the model the Navy and Air Force used to reshape their budget offices. More recently, with AMC, she has led the way in resource savings initiatives, proposing over a billion dollars in cuts.

Three CP-11 senior executives, one posthumously, won Presidential Meritorious Executive recognition. Mrs. Charles A. (Tony) Arigo accepted her late husband's award for saving the Army $2.7 billion in 3-1/2 years by overseeing major logistical and financial audits for the Army Audit Agency. [redacted] earned recognition for building new and advanced efficiencies into the way the Army budget office does business, saving several hundred million dollars over older methods. [redacted], deputy to AMC's Tank-Automotive and Armaments commander, exploited information technology to dramatically shorten time, effort and cost for product design, development, manufacturing and support by converting from paper-intensive to automated, digitized modes.

ACP '99 Class wins Community Service Award

In the 4th Qtr 1998 issue, we ran (page 32) the story, "ACP volunteers give time, effort to local community," about off-duty service by members of the Army Comptrollership Program class of 1999. Their work brought the class prestigious recognition—the Syracuse University Chancellor's Award for Public Service, CAPS, for improving the quality of life in the greater Syracuse community.

At a special recognition ceremony, university chancellor and president Ken Shaw presented the class a CAPS graduate-student group award. Citing their example of the highest ideal of sustained, quality service to citizens in the community, he noted, "Your dedicated, active involvement is an excellent reflection of the values of Syracuse University—quality, caring, diversity, innovation and service." According to retired Colonel [redacted] university Army programs director, this year's ACP class is the first to have to have won the award in the program's 6-year history.

OPMS XXI: The career field designation process

"Career field designation" or CFD is the hallmark of the officer personnel management system for the 21st century, known as OPMS XXI. It will affect the way officers are managed, assigned and professionally developed for the remainder of their careers. OPMS XXI recognizes that Army officers have a range of skills and aptitudes. The challenge is to place the right officer with the right skills in a way that will fully utilize his or her talents to meet the needs of the Army. The CFD process is designed to help identify the right match of officer and skill by incorporating individual choice, rater and senior rater input, company grade performance in branch and functional area jobs, and individual aptitude and education.

The process will enable the Army to better manage the entire officer corps, allow officers to gain more experience in their designated field, and improve the way officers are professionally developed. CFD will be made by a Department of the Army board, whose mission will be to fill requirements in each branch and functional area within the four career fields — Operations, Information Operations, Operations Support and Institutional Support. FA 45 is one of seven functional areas in the Institutional Support career field, the others being FA 43 (Human Resource Management), FA 47 (U.S. Military Academy Permanent Associate Professor), FA 49 (Operations Research/Systems Analysis (ORSA)), FA 50 (Strategy and Force Development) and FA 52 (Nuclear Research and Operations).

The four career fields were designed to enhance the potential for promotion of officer specialists through the grade of colonel without the requirement for command. Further, the establishment of career fields identifies career tracks that officers can follow to gain and utilize special knowledge and experience, assuring that Army requirements within the functional areas will be filled with the right officers, doing the best job possible to meet the mission.

There are five major steps in the process: obtain officer preference, develop Army requirements, run the career field model, prepare the files, and finally, get the DA board's decision on the officer.

· Officers will submit their preference statement directly to the Total Army Personnel Command, PERSCOM. Target requirements will be posted to PERSCOM on line. The year group preference data posted online will allow officers to see how much competition there is for each functional area. Based on this information, officers will then be allowed to change their preference prior to the board date.

· Army requirements will be determined for each year group being designated. The requirements determine how many officers are needed in each career field.

· Preference, requirements and other objective data are inserted into a computerized designation model. This model informs the board which officers have both desire and abilities to serve in any given functional area. It is used to quantify preference, certain skills, and education. Preference is the most heavily weighted criterion in the model.

· File preparation will be the same as for any other board. The board will have access to each person's officer record brief, fiche, photograph and officer evaluation reports. The officer's preference will be noted on the voter completion sheet of the file, and the results from the model will be given to the board.

· The board will then combine their assessment of the officer's file with the quantitative analysis provided by the model to make their designations.

The board for year group 89 officers (those commissioned in 1989) convenes June 1, 1999 in conjunction with the fiscal year 1999 board for promotions to major. Boards for subsequent year groups will also be convened with annual major promotion boards and the results released with annual major promotion lists.

The years of planned CFD board meetings for earlier commissioning year groups are shown below. Year group 86 was completed last April.

YR GP	FY00	FY01	FY02
81	x		
82		x	
83		x	
84			x
85			x
87	x		
88		x	

More information on CFD is available from Department of the Army Pamphlet 600-3, from the FA 45 Proponency Officer (Maj. Dave Knowlton), and from the FA 45 representative at PERSCOM (Lt. Col. Dwayne Houston). Additionally, during this year's Army Day, June 2, 1999, at the annual professional development institute of the American Society of Military Comptrollers in San Diego, Calif., Knowlton and Houston plan to present an update on OPMS XXI, including the career field designation process.

DFAS, Indianapolis team develops automated telephone service for customers

by [redacted]
DFAS-Indianapolis Military Pay Customer Service Center

Do you remember those long lines on payday, constant busy signals when trying to call the payroll office, or even worse, not getting paid on time? There was always at least a touch of anxiety in the air every payday. To top it off, it seemed that everyone talked about customer service and how the customer was so important.

If so, why were there any problems at all? Yet, with all of today's technology — the Internet, paperless business and same day/next day service – why are there still delays in getting paid sometimes? Why does it take so long to get an answer for a question or problem?

Technology is advancing faster then ever and the pace today demands better time management. No one should have to waste time trying to get simple information; no one should have to ask, "Did my check make it to the bank?" or, "Was my allotment taken care of?"

What is needed is real, down-to-earth customer service with a friendly attitude that is truly concerned about the customer.

With just that attitude, the folks in the deputy directorate for military pay at the Defense Finance and Accounting Service, Indianapolis Center got together to start getting beyond "business as usual" and do something to help you — the customer.

Using new technology and breaking though the roadblocks, they began putting together the right people to form a Customer Service Center. Staffers in the Customer Service Center are well-trained and highly motivated team members, whose sole responsibility is to take care of their customers.

The team is proud of their success so far — a better than 98 percent rate on answering calls and putting customers in direct contact with someone who can give the right answers. Imagine talking to the right person when you call — and not waiting on hold for hours, either.

The Customer Service Center is open 12 hours a day, Monday-Friday, from 7 a.m. to 7 p.m. (EST). The team stands ready to assist whether you are on a remote assignment, are in the middle of changing assignments or are a family member receiving support. The team's innovative style and desire to get you to the right person while you wait has become a beacon to others seeking to turn this business of customer service into something that actually works for the customer.

The team has developed a state-of-the-art automated telephone service that can provide you with information 24 hours a day. The Interactive Voice Response System (IVRS) is there when you need it.

With quick, accurate and easily retrievable information about your pay, this is the way to go when you have general questions regarding current pay, current allotments, bonds, W2s and tax information, leave balance and most recent transactions affecting leave.

While IVRS is a fast and convenient way to obtain pay information, soldiers should always first contact their finance office to resolve pay problems and obtain detailed information on the spot. If a soldier is simply trying to obtain pay information, such as amount of net pay, bonds or information that can be retrieved directly from IVRS, the soldier can use that method without involving the pay office.

Another change that will benefit the customer is the way DFAS sends out leave and earnings statements or LES. Remember when you waited for your LES to be printed by Indianapolis, mailed to your installation and passed to you through distribution?

Now, Army LES are sent electronically directly to local finance offices. That means the mail system won't have a chance to delay or misroute them. You get the information you need on time, which makes your life easier. And when you don't, for whatever reason, your finance office is there to help you get a replacement, *now*, not next week or whenever.

The Customer Service team hasn't forgotten the Reserve Component soldiers, either. With the expansion of the electronic distribution system, it is now possible for Reserve units to get Defense Joint Military System or DJMS-Reserve Component Master Military Pay Account Report information up to three weeks earlier. That makes it easier for reservists to know what's going on with their pay and to get changes made fast.

Allotments for family members have been scrutinized, too. On the receiving end, it may have seemed that no one cared about getting allotment money to recipients on time. Some family members complained that getting an allotment was almost a curse, in it could take months to get it started and months to change the address. If an allotment was lost in the mail, it took months to get it replaced.

Now, the customer service team is working to make those problems a thing of the distant past. With the introduction of electronic funds transfer or EFT, DFAS can get your money where it needs to go overnight — versus the several days it used to take. The real benefit of EFT allotments is that they cannot be lost in the mail; therefore there is no time lost trying to determine where an allotment check is. Since EFT allotments are electronic transactions, they can be easily tracked and retrieved.

This has helped to reduce the 155,000 individual allotment checks sent out each month to about 37,000. What a difference! And the difference is making your life easier, because you don't have to worry about getting your money on time — or if you are going to get it at all.

The team sets the pace when it comes to getting customers the service they deserve. With improved methods of information management and transmission and making sure that customers can get the answers they need, DFAS is bridging the gap.

With current advances in technology, the team looks forward to a future day when they can provide even better service and find greater ways to be your customer service provider.

About the author

[redacted] is an accountant at the DFAS Indianapolis Center. He is currently assigned as the Executive Assistant to the director, deputy directorate for military pay. He has been at DFAS-IN since 1995 and has held duty assignments at other finance centers. He attended the community College of the Air Force and Ball State majoring in accounting and management.

Army Civil Service Intern College Recruitment

by [redacted]

A large and well-qualified work force is needed to manage the Army's resources. Comptroller career field personnel are employed in financial and resource management positions at Army locations worldwide.

For over 40 years, the Department of the Army has administered an intern program which takes civilian career employees from entry-level positions to positions of mid-level management. Through on-the-job training and formal classroom instruction, thousands of careerists have been trained in a variety of career fields. Many senior Army civilian leaders are products of the intern program.

The Department of the Army's management intern positions are full time permanent civil service positions, many of which are being recruited right now.

To enhance the effort of maintaining this well-qualified work force, and to maintain a well-established training tradition, the Office of the Assistant Secretary of the Army (Manpower and Reserve Affairs) has designed an intern web site at http://www.cpol.army.mil. This site will enhance college relations' efforts and further support the recent centralized recruitment of interns that features vacancy announcements and key employment information. This new addition at the CPOL location provides one-stop shopping for intern information on benefits (such as group life and health insurance, retirement pension plans, vacation based on seniority), salary, vacancies and the Army's several numbered civilian career programs.

When accessing the site, click on Employment Opportunities, scroll down and select 'Entry Level "Civilian Career"' (non-clerical). Take your time as you look at this site. You might see something that you or a friend or relative might want to put in for.

PERSPECTIVES

OFFICE, ASSISTANT SECRETARY OF THE ARMY

(FINANCIAL MANAGEMENT & COMPTROLLER)

The following sections were written by different OASA(FM&C) deputies. Not every deputy will provide input for this feature.

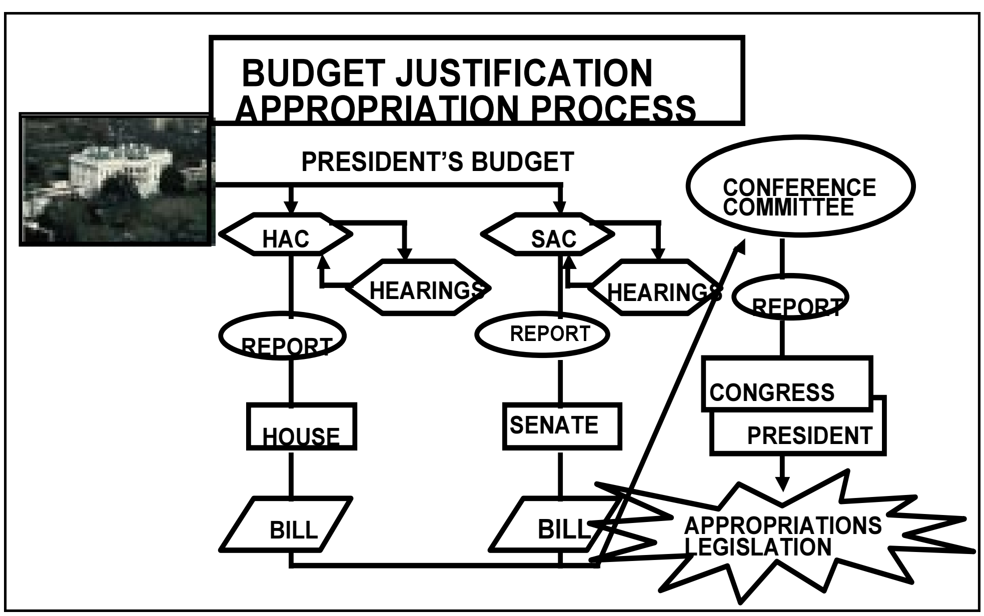
OASA(FM&C) Budget

Budget justification and appropriating funds

by [redacted], with [redacted]

The Constitution assigns Congress the responsibility for passing laws that authorize and appropriate dollars for specific agencies and programs. Members of Congress are also responsible for legislating tax programs that generate these necessary dollars. This process of appropriating funds for the national defense consists of a series of dynamic events that seldom happen the same way every year. While certain events recur annually, how they occur or when they occur depends on congressional and administration leadership and on national and other external events affecting Congress. For DoD, the appropriation process formally begins with submission of the president's budget or PresBud to Congress the first Monday in February and ends with the president signing the Defense appropriations bill into law. Ideally this signing occurs *prior* to the beginning of the new fiscal year.

I want to share some insight into budget justification and the process of appropriating funds by Congress. The events leading to the president's signature can be categorized as budget justification by the military services, House and Senate marks documented in committee bills and reports, "heartburn appeals" and conference, and bill signing by the president. Here is a diagram of the events.



During budget justification, under the tutelage of the Assistant Secretary of the Army (Financial Management and Comptroller) and the Office of the Chief of Legislative Liaison, the Army presents and defends its portion of the PresBud before Congress. After the president formally submits the budget, we provide detailed budget justification to the authorization and appropriation committees. This includes personal appearances by the secretary, the chief of staff and others before the committees to discuss Army requirements.

Before that, however, the appropriation sponsors will have prepared detailed material in Army justification books, known as J books, to conform with decisions of the president and the Defense secretary as well as congressional requirements for formats and supporting information. The appropriations covered by the J books include military personnel (pay), operations and maintenance, research and development, the five procurement accounts, military construction, environment and chemical demilitarization. The Army Reserve and National Guard versions of the operations and maintenance and the personnel accounts have separate J Books. Congressional staffers use J books to conduct their analyses and make recommendations to members of the appropriation subcommittees on defense and military construction. While our Army staff is preparing J books, we are also finalizing the supporting information papers which become the basis for testimony by the secretary, chief of staff and other senior leaders called as witnesses.

PERSPECTIVES

The House and Senate armed services committees—known as the HASC and SASC—and the House and Senate defense and military construction appropriation subcommittees—HAC-D and SAC-D—hold what are called posture hearings. In these hearings, the secretary and chief of staff testify on the state of the Army and respond to other concerns and questions of the committee members. Then, assisted by the ASA(FM&C) and OCLL, appropriation sponsors and functional proponents present and defend the details of the budget before various subcommittee hearings and to staffers. While preparing budget justification for the hearings, we also develop the Army's posture statement, which documents the state of the service and also serves as a "this is the Army" type pamphlet for use by members and staffers throughout the year.

The process of "marking" the budget begins when the PresBud goes to Congress. Briefings for staffers are held on Capitol Hill and in the Pentagon to discuss programs and funding. A dialogue begins and continues until conference completion. The congressional staffers collect their information from these briefings and from investigative agencies such as the General Accounting Office, Congressional Budget Office and House Appropriation Committee Surveys and Investigation. They analyze the data and prepare recommendations to their subcommittees for inclusion in their bills and reports. Of key importance to attaining our budget objectives is that the Army staff provide accurate and timely information to meet Congress's needs.

Once the subcommittees pass their bills, the bills go to the full committees for approval. When approved, the bills proceed to a floor vote to receive full House and Senate approval. It is possible for a bill to go from subcommittee to full committee to floor in a matter of days. However, for planning purposes we anticipate that each step will require a week to complete.

Once the House and Senate have passed their bills—which are invariably different versions for each appropriation—our focus changes to working to attain the best possible compromise between the versions. A bill must be agreed to by both houses in order to clear the Congress and be transmitted to the president. Differences are resolved through joint groups or conferences of selected members from the same-named House and Senate committees.

Conference timing can be an issue of concern because the services have an opportunity to prepare and present "heartburn appeals" to the conferees. These appeals address marks (reductions) in the bills and reports which are of the most concern. Army appeals normally request that conferees reinstate funding amounts requested in the PresBud or the higher funding mark between the two houses.

Because the purpose of the conference is to resolve differences between respective House and Senate bills, the highest funding amount Army can reasonably expect is the higher amount of the two marks. An appeal cannot be submitted with the purpose of appealing a mark that is above the PresBud. For example, if the Senate provides additional funding above the amount requested in the PresBud, and the House sustains only the amount requested in the PresBud, the Army cannot submit a formal appeal requesting the amount provided by the Senate.

Because of the many differences between the House and Senate bills, the Army staff has a lot of work to review each bill and identify what items or issues to appeal, prioritize and submit through the office of the Secretary of Defense, OSD. Appeals are worked during July and August, often in less than a week for each. The number and amounts of appeals to submit and their prioritization are senior leadership issues. They will usually be based on a priority ordering pre-developed by the Army staff that is known as a top issues list or Army budget priorities list.

Once the congressional conferees complete their work and agree on a final bill, the subcommittees file the bill so that it can be brought to the House and Senate floor in turn for a vote, up or down, with no amendments or adjustments. If not passed, the bill goes back to conference for more work. After passing both houses, the bill is enrolled, printed on parchment and sent to the president for signature.

If Congress does not pass an appropriation bill by the end of September, a temporary spending measure, called continuing resolution authority or CRA legislation, is required to prevent the government from shutting down. CRAs usually restrict funding to the prior year level and prohibit new initiatives. Twice during fiscal year 1996, we experienced temporary government shutdowns when the president would not accept an "omnibus" spending bill and the Congress disagreed with the president on a continuing resolution to keep the government temporarily funded. Normally, however, until an appropriation or CRA is enacted, DoD will continue minimum essential operations based on the requirements of national defense.

The final stage of the appropriation process is the president's signing of a bill passed in identical form by both houses of Congress, to make it an act. Once enacted into law, Army appropriations give the legal authority to incur obligations and make payments. The services then take each applicable appropriation act and match it to the budget request they submitted to the Congress the previous February. The final hurdle is to get the dollars out where they are needed—to field commanders—in amounts and for purposes requested. The Army staff takes into account all adjustments made along the way—by OSD, Office of Management and Budget and Congress—and then provides an adjusted funding amount to the commands. As the appropriation process closes, the Army is just beginning the year of execution.

While the Army's senior military and civilian leaders have a formal role in the appropriation process, each of us, regardless of the uniform or suit we may wear or the rank we hold, also plays an important part. Whether we are formally engaged in providing information directly to Congress, preparing answers or data for the leadership to present, or have the unique opportunity to meet a congressional member or staffer on our installation, our priority duty is to tell the Army story, as fully and accurately as we are able to present it. It is our job to articulate accurately our needs and requirements, and, once appropriated, to use these precious resources as wisely as possible to produce a trained and ready Army.

OASA(FM&C) Cost Analysis
by Robert W. Young

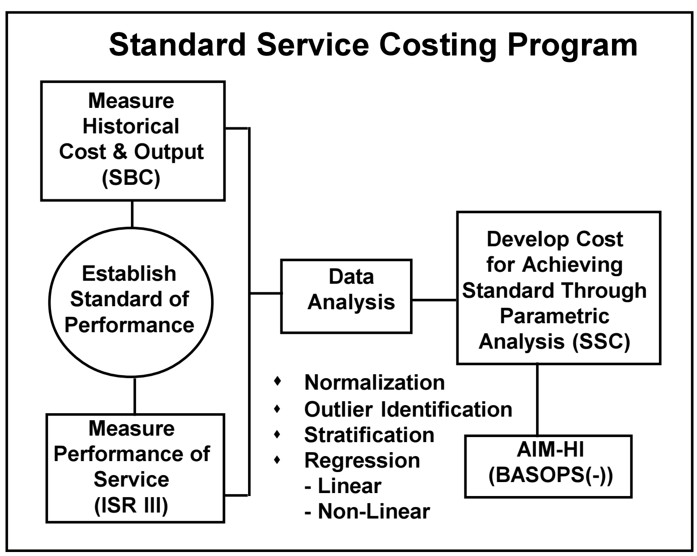
Standard Service Costing, "A parametric approach to installation costing"

Standard service costing or SSC is the Army's new way of thinking in providing quality base operating services or BASOPS within budget limitations. SSC achieves stronger management through performance-based budgeting, a process that links planned service levels and their expected costs to service outcomes and measured output levels. SSC puts customers first, delivering high quality services at every installation. SSC embraces management by objectives, mission statements and visions of the standard performance levels of the services.

The Assistant Chief of Staff for Installation Management has joined forces with the U.S. Army Cost and Economic Analysis Center to establish a process to capture historical cost and output data for a set of 95 installation services through service-based costing or SBC. Additionally, the BASOPS financial accounting structure has been revised so that account codes can be used to trace costs directly to installation services, which will dramatically reduce data collection costs in the future. ACSIM has also put in place the installation status report or ISR part III (Services), which reports performance measures to assess the quality of the installation services. USACEAC is using this data and developing the methodology for predicting installation resource requirements for standard levels of service. That is what we mean by standard service costing.

SSC is a parametric approach for developing the expected cost of a standard level of service. SSC uses cost and output data from SBC and performance data from ISR part III to predict the cost of providing installation services at an established standard of performance. Once standards are established to assess each service, SBC and ISR data will provide the measures to assess how installations compare to that standard. This process will enable USACEAC to develop SSC factors for each service through detailed parametric analysis as depicted in the process diagram below.

In developing SSC factors, analysis of the SBC and ISR III data must consider a number of statistical principles and practices to accurately reflect the cost relationship of the services being examined. Prior to conducting any statistical processing, the data should be *normalized* to account for effects



such as inflationary changes, locality adjustments and payroll fluctuations. For many services there may be great disparity among installations, due to various external factors such as climate, installation size, mission or labor pools. To accommodate external variables, the data sets may have to be *stratified* into like groups, such as regions, domestic or overseas and size categories for some services. Additionally, as with any data set, there will most likely be outliers (atypical data points, far outside the group) for numerous reasons. *Outlier identification* and analysis are necessary to establish credible and meaningful cost relationships. It is best to identify outliers using a set of sound statistical ground rules to preclude eliminating the wrong data points from the data set. Once these principles have been established, parametric analysis can be conducted to develop the best SSC cost relationship. Analysis of the services will be unique, resulting in different SSC factors for each service. The correlation of the output measure and quality will vary from service to service, with the intent of establishing the best equation for forecasting future BASOPS requirements.

Once the SSC factors have been developed, they will be used primarily for the ACSIM's Army installation management headquarters information or "AIM-HI" requirements generation model and for assessment of service performance in ISR III. The SSC factor for each service will be used to develop the Army's BASOPS requirement. Requirements will be generated for each major Army command by applying the SSC factors at the installation level. Each of the 95 services will have its own unique unit of measure against which the SSC factor will be applied—e.g., food services: dollars per meal; electricity: dollars per kilowatt-hour; fitness and recreation: dollars per eligible customer. The SSC factor should account for both fixed and variable cost and will be applied against the standard level of service as determined by the ACSIM and appropriate functional proponents. Additionally, the SSC factor will be the basis of assessing future performance of installation services as measured in SBC and ISR III. SSC will establish the "should cost" of providing the services at a standard level, while SBC and ISR III will show the actual results.

By establishing this predictive methodology based on the expected cost of standard levels of service, the ACSIM will be better able to define their requirements using the standard levels of service, develop their requirements with SSC, and defend their requirements with a better understanding of fiscal impacts on BASOPS. Both USACEAC and ACSIM realize this process will not be a simple undertaking. Much effort has already been expended to package SBC and ISR Part III properly, making maximum use of existing data. The development and implementation of SSC will be a continuous learning approach, focusing on specific sets of services, refining measures and establishing standards. As the data permits, SSC will incrementally be used to build AIM-HI requirements. Over time the process will mature, and the Army will be able more realistically to forecast and defend resource requirements.

OASA(FM&C) Resource Analysis and Business Practices Perspective

by Dr. Robert W. Raynsford

Stewardship of the Army's resources is a responsibility shared by commanders and managers at every level. Those of us who are RMs have a special responsibility to lead the way in stretching scarce dollars, actively pursuing efficiency and ensuring that our limited resources are well spent. This represents the commonly understood meaning of stewardship—taking the best care of resources entrusted to us. But there can be more to stewardship than efficient caretaking, and an expanded concept of stewardship offers the potential for the Army to maintain the full effectiveness of its forces in the face of significant shrinkage in traditional financing sources.

The extended stewardship concept provides that the Army should capture the most possible value from its assets. Traditionally, Army physical assets were viewed almost exclusively in terms of what it cost to maintain them and not in terms of their ability to generate revenues. We now have begun to explore ways of unlocking the commercial value of Army real property assets and of exploiting the ability of Army assets to enhance mission effectiveness. To be comprehensive, stewardship must include actively managing assets and maximizing the return from them.

My office has just updated "The Sources of Funds for Army Use (Other than Typical Army Appropriations)" and published the fiscal year 1999 version. This guide aims to help installation commanders and RMs carry out stewardship responsibilities in the more comprehensive sense of the concept. It provides an overview of additional sources of funds that may be available to installations for certain purposes. The guide includes a description of the programs that generate funds, pertinent laws and regulations, the money flow and the functional proponent for each program. An emerging mechanism appearing in the guide that facilitates full value realization for Army assets is partnering with other agencies. Depending on the program, partnering may take place with private industry, other governmental agencies or educational institutions.

Here are brief descriptions of some programs which feature partnering as means to improve the stewardship of Army assets:

- **Armament retooling and manufacturing support (ARMS)**: ARMS allows government-owned, contractor-operated ammunition facilities to attract commercial or other government tenants to reuse idle industrial capacity. This product diversification allows the Army to optimize the asset value of participating facilities while reducing operation and ownership costs. Overhead cost allocation at active facilities is more broadly spread, and this improves manufacturing and unit price efficiency. At inactive facilities, maintenance costs are either offset or reduced through in-kind consideration or credits. Through partnering, the ARMS program reduces costs, maintains industrial readiness, retains a skilled work force and promotes economic development in the community.
- **Use of test and evaluation installations by commercial entities:** Public law has provided that DoD may enter into contracts with commercial entities that wish to conduct commercial test and evaluation activities at major range and test facility installations of the military services. The contract price provides reimbursement of direct costs associated with test and evaluation activities, as well as indirect costs related to the use of the installation. With Army research and development declining, other defense or commercial business is desirable to offset the cost of maintaining and improving range and test facilities for current and future requirements. Since some Army test facility installations have test equipment or facilities found nowhere else in the world, the potential for additional business is significant.
- **Sale of services at DoD laboratory, center, range or testing facility:** DoD has a policy of promoting research and development within the commercial sector of the economy and the transfer of technology from the military to the commercial sector. These policies promote development of a national industrial and technology base from which to sustain military technological superiority, while enhancing production capabilities for the nation. Public law enables DoD to make available to any person or entity, at a prescribed fee, the services of any of its laboratories, centers or other testing facilities for the testing of materials, equipment, models, computer software and other items. A fee or charge is imposed to recoup the total cost incurred in providing the service.
- **Patent and royalty income:** To promote transfer of Federal technology, U.S. government laboratories are authorized to license their inventions to the private sector. Government inventors and federal laboratories are also authorized to receive royalties and other income from these license agreements as incentives. Authorized inventors receive an equal share of the first $2,000 and 20 percent thereafter of royalty or other payments received by the agency. The majority share of the residual monies is distributed to the Army laboratory or center where the invention occurred, and any remaining portion may be distributed to, or used on behalf of, other Army laboratories or centers. The laboratories may use the monies to reward scientific, engineering and technical employees at that activity, to further scientific exchange among other activities within the Army, for education and training consistent with the R&D missions of the Army or laboratory, for payment of expenses incidental to administration and licensing of intellectual property, and for scientific R&D consistent with the laboratory missions.
- **Cooperative Research and Development Agreement (CRADA):** Another mechanism that promotes technology transfer by partnering is the CRADA. Federal laboratories are important partners with universities and industry in reaching the goal of transferring commercially useful technology from federal laboratories to the private sector. The

federal partner in a CRADA may provide personnel, services, equipment, facilities, intellectual property and other resources in the R&D enterprise. No federal funds may be provided. The non-federal partner in a CRADA may provide funds, personnel, services, equipment, facilities, intellectual property and other resources. Every major Army laboratory has an office of research and technology applications whose primary responsibility is to identify, assess and publicize the technological capabilities of the laboratory that have potential applications for CRADAs.

- **Sale and outlease:** Legislative changes now allow Army retention of proceeds from the sale of excess, non-base-realignment-and-closure real property and the outlease of non-excess real and personal property. The program is an excellent incentive to implement a businesslike approach to asset management while providing the opportunity to generate additional funds. Fifty percent of the funds are made available to the installation that generated the revenue and must be used for facility maintenance and repair or for environmental restoration. The remainder is available to the installation's parent command for high-priority maintenance and repair or environmental restoration requirements. A recent legislative proposal, possibly to be considered next year, would expand opportunities for receipt of in-kind consideration, enable broader use of revenue and streamline distribution of funds.
- **Partnerships:** Here is partnering at its purest. These collaborative relationships between installations and other entities extend beyond typical business relationships, and they benefit all partners. Partnerships generally do not result in the receipt or transfer of funds, with the exception of lease agreements. Some examples of typical partnership activities are land use agreements where the installation provides land for private construction or development of a school that can be used by the installation; a community landfill that can be used jointly by the installation and the community; sharing of facilities, such as fire departments and libraries, or equipment such as fire trucks; and exchanging services such as joint recycling or training programs for the mutual benefit of the installation and community. Partnerships build good will between the installation and other partners, and they result in significant benefits and savings for all participants.

Partnering with the private sector and other agencies is a powerful means of leveraging the full value of Army assets and supplementing diminished funding from conventional sources. "The Sources of Funds for Army Use (Other than Typical Army Appropriations)," the publication mentioned above, is now available by visiting www.asafm.army.mil. If you are unable to view this guide on the Web, contact [redacted] or [redacted] of my office, (703) 693-6562/695-5951 or DSN 223-6562/225-5951.

PMCS Class 99-B Graduates

The Army had five military and four civilian students among the March 12, 1999 graduates of the Professional Military Comptroller Course's class 99-B. Students completed six weeks of graduate instruction in contemporary resource management issues and problems facing financial managers throughout the Department of Defense. The class also included students from Air Force, Navy, Marine Corps and other DoD organizations.

Name	Command
[redacted]	NGB
	EUSA
	FORSCOM
	OCAR
	INSCOM
	HQDA
	TRADOC
	AMC
	TRADOC

ACCES
Accomplishment rating panel schedule

Suspense to OASA (M&RA)	Session Starts
Aug. 4, 1999	Aug. 16, 1999
Nov. 4, 1999	Nov. 15, 1999

CP-11 Functional Chief Representative duties

Had you ever wondered what were all the duties of the FCR for the Comptroller Civilian Career Program? Last January 4, the ASA (FM&C) named [redacted] as the FCR. His duties in that capacity are:

Career Program Policy Committee (CPPC)
- Attend quarterly meetings
- Represent CP-11

Army Management Staff College (AMSC)
- Rank candidates
- Chair CP-11 student session every class (lunch time)
- Attend opening/graduation ceremonies

Army Comptrollership Program (ACP)
- Approve Selection Board Membership
- Final selection approval
- Congratulatory notes to selectees; encouragement notes to nonselectees
- Tuition rate approval
- Orientation session for new class
- TAPES senior rater for civilian students
- Graduation attendance

Long Term Training (LTT)
- Final selection approval
- Memos to selectees

Graduate Level Financial Management Program (GLFMP)
- Final selection approval
- Congratulatory notes to selectees

Senior Service Colleges (SSC)
- Rank candidates prior to DA Secretariat board
- Congratulatory notes to selectees; encouragement notes to nonselectees
- Operational assignment placement for CP-11 students

FCR Funding, Army Civilian Training, Education & Development System (ACTEDS)
- CP-11 ACTEDS budget formulation
- CP-11 ACTEDS budget execution oversight
- Total ACTEDS budget executive review (BER) sessions – attend overview

CP-11 Executive Council
- Approve agenda
- Set meeting schedule
- Chair meetings

Career Management Issues—Examples
- ACCES
- ACTEDS
- Classification authority; career program coverage
- Position descriptions

CP-11 Hiring Policy
- Issue annual message
- Approve exceptions as required

Civilian Executive Resources Board (CERB)
- Member, Operations Committee
- Attend meetings as required

CP-11 Intern Program
- Review and approve proposed command intern allocations
- Approve master intern training plans

CP-11 ACTEDS Plan
- Oversee development
- Review and approve revisions to plan

Senior Executive Service (SES)
- Review and approve SES crediting plans
- Review and recommend approval of SES selections

Professional Resource Management Course (PRMC)
- Approve tuition rate
- Oversee curriculum
- Serve periodically as graduation speaker

Financial Analyst Program
- Oversee development
- Approve training plans, career path

Affirmative Action
- Monitor
- Report annually

Keenan and McCall Awards

– Recommend nominees for ASA(FM&C) approval

Resource Management Awards Program
- Select FCR award winner
- Recommend nominees for ASA(FM&C) military and civilian awards to ASA(FM&C)

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